

765—5.12(327H,327I) Project agreement and administration.

5.12(1) *Agreement.* After the IRFA board has approved funding for a project, IRFA staff shall negotiate and execute an agreement with the applicant. IRFA staff shall administer the agreement.

a. The agreement shall specify the scope of the project, the approved funding level, and other conditions for project funding.

b. As applicable, the agreement shall address responsibilities for project design, right-of-way acquisition, contracting, construction and materials inspection; documentation required for reimbursement of project costs; audit requirements; and maintenance of the completed project.

5.12(2) *Reimbursement.* The applicant will be reimbursed for eligible project costs in accordance with the agreement.

5.12(3) *Audits.*

a. Prior to execution of the agreement, IRFA staff may perform a preaudit evaluation of the applicant or others as defined in the agreement. A preaudit evaluation typically includes an examination of accounting methods to determine the applicant's ability to segregate and accumulate costs to be charged against the project, and an analysis of costs factors to ensure their propriety and allowability.

b. IRFA staff may conduct a final audit of all project costs.

5.12(4) *Default.* IRFA staff may revoke a funding commitment, seek repayment of funds loaned or granted or take both actions if the applicant fails to fulfill the terms of the agreement.